

STATE OF IOWA IOWA DEPARTMENT OF HUMAN SERVICES DIVISION OF IOWA MEDICAID SERVICES

Instructions for the Medicaid Financial and Statistical Report (cost report) for
Home and Community Based Services (HCBS)

GENERAL INSTRUCTIONS

These instructions are for use under the provisions of the rate setting criteria for Home and Community Based Services (HCBS) [441 Iowa Administrative Code (IAC) 79.1(15)] and 79.1(30) that are certified as Medicaid providers by the State of Iowa, Department of Human Services (DHS), Division of Iowa Medicaid Services (IME).

Forms and Information. Completed cost reports are to be submitted in an electronic format using the State approved Excel template for the applicable year. The Excel template is available from the Iowa Department of Human Services, Division of Iowa Medicaid Services website <http://dhs.iowa.gov/ime/providers/forms> and by selecting HCBS Cost Report. The HCBS cost report form number is 470-5477.

The cost report should be filed annually for a 12-month period ending June 30th. The cost report must be submitted to the rate setting contractor by September 30th each year, or two months after an HCBS program terminates.

The completed excel cost report and any supporting documents, including the agency trial balance, should be emailed securely to the rate setting contractor at costaudit@dhs.state.ia.us.

A signed copy of the Certification Statement (page 1 of the cost report) with an original ink signature must also be mailed to the rate setting contractor prior to the due date.

Iowa Medicaid Enterprise
Attn: Provider Cost Audit
P.O. Box 36450
Des Moines, Iowa 50315

Refer to Criteria - Instructions Are Not Comprehensive. These instructions are not intended to be comprehensive. In completing the forms, providers should rely on the criteria as well as other relevant rules and regulations, including Center for Medicare and Medicaid Services (CMS) Publication 15-1 and generally accepted accounting principles (GAAP).

Report dollar amounts as whole numbers. Per unit rates are already formatted on the cost report template using two decimal places.

Instructions for Certification Page

Agency Name and Address: Indicate the exact name of the agency as it appears on the state license. The physical address must be completed.

IRS ID No. (TIN): Enter the agency's federal nine digit taxpayer identification number utilized for submitting agency tax returns to the Internal Revenue Service as XXXXXXXXX.

National Provider Identified (NPI): Enter the ten-digit NPI number, taxonomy, and nine-digit zip code used to identify the agency for Medicaid purposes. The incorrect reporting of the information can delay the review process.

Report Period: Indicate the beginning and ending dates of the cost report period as MM/DD/YYYY.

Date of Fiscal Year End: Enter the ending date for the fiscal year.

Administrator Name: Indicate the name of the administrator and contact information. Complete email and phone number fields.

Person to Contact with Cost Report Questions: Indicate who should be contacted with questions related to the data in the cost report. Complete email and phone number fields.

Independent Audit: Use the drop down menu to indicate if a certified public accounting firm performed an audit of the agency financial statements. Indicate the audit period end date for the most recently completed financial audit and forward a copy of the latest audit report to the Provider Cost Audit and Rate Setting Unit. If not complete, indicate the expected completion date of the audit for the current cost report period.

Type of Control: Use the drop down menu to indicate the ownership or organization type under which the agency is operated.

Accounting Basis for Financial Reporting: Use the drop down menu to indicate the accounting basis for agency financial records.

- Accrual: Recording revenue when earned and expense when incurred.
- Modified Cash: Combination of cash and accrual methods of accounting.
- Cash: Recording revenue when received and expenses when paid.

Accounting Basis for Cost Report: Use the drop down menu to indicate the basis used to complete this cost report.

- Accrual: Recording revenue when earned and expenses when incurred.
- Modified Cash: Combination of cash and accrual methods of accounting.
- Cash: Recording revenue when received and expenses when paid.

Certification Statement: After adequate review of the completed form, an authorized officer of the agency must sign the certification statement and provide contact information. Review of the cost report may not be finalized without an ink signature on the certification page (fax, scan, and copy are not acceptable).

Statement of Preparer: If a paid preparer is utilized to complete the forms, the name, company name, and contact information of the preparer must also be reported.

Instructions for Statistical Data Page

Section 1: Service Information Section 1a through 1e. This information is pre-populated and cannot be edited, except for the Exception to Policy (ETP) columns. For any applicable ETP, indicate the Waiver Type, Service Code, Type of Unit, and the Service Type.

Section 2: Total Number of Units of Service Provided by Payor. Enter the number of units provided for each service during the reporting period by payor source, including Medicaid Managed Care Organizations (MCO), (Iowa Medicaid Fee for Service, MCO – Amerigroup Iowa, MCO – Amerihealth Caritas Iowa, MCO – United Healthcare, Other Units). A unit of service is defined as billable time, which is defined as direct support contact with the member. For daily Supported Community Living (SCL) units, the number of units of service staffed should not exceed 365-days (366 days during a leap year) per member.

Definitions:

Other Units: Include private pay, county funded waiver services, etc. **NOTE:** No Habilitation units should be reported on the Statistical Data page.

Intellectual Disability (ID) H2016-HI and Brain Injury (BI) H2016 Community

Integrated: Report total units by payor source for all daily sites with 5 or less members residing at the site at any given time.

***ID H2016-HI (with 5 or less members) should be reported for the period 07/01/2017-11/30/2017.*

Effective 12/1/2017 ID service codes have been updated to tier service codes (see table below), and should be reported in the same column as H2016-HI for Fiscal Year 2018.

Community Integrated ID Daily SCL Service Codes		
Prior to 12/1/2017	Effective 12/1/17	
H2016-HI	H2016-U1	S5136-U1
	H2016-U2	S5136-U2
	H2016-U3	S5136-U3
	H2016-U4	S5136-U4
	H2016-U5	S5136-U5
	H2016-U6	S5136-U6

ID H2016-HI and BI H2016 Other: Report total units by payor source for all daily sites with 6 or more members residing at the site at any given time.

***ID H2016-HI (with 6 or more members) should be reported for the period 07/01/2017-11/30/2017.*

Effective 12/1/2017 ID service codes have been updated to tier service codes, and should be reported in the same column as H2016-HI or S5136-HI for Fiscal Year 2018.

ID Residential Based Supported Community Living Services (RBSCL) H2016-U3:

Report total units by payor source for all RBSCL daily sites.

***ID H2016-U3 should be reported for the period 07/01/2017-11/30/2017. Effective 12/1/2017 ID RBSCL service code has been updated to a tier service code, and should be reported in the same column as H2016-U3 or S5136-UA for Fiscal Year 2018.*

Instructions for Statistical Data Page (continued)

MFP: Money Follows the Person (MFP) is a separate payor source from Iowa Medicaid. These units should be reported under the MFP column.

ETP: Exception to Policy (ETP) units should be reported in one of the two blank columns provided for this purpose. Each applicable signed ETP letter from the IME should be submitted along with the cost report. If more than two columns are needed, utilize any of the unused columns and include a note indicating which columns are used to represent ETPs in the Supporting Schedule 1 or 2.

Section 3: Total Units of Service Provided: This field is a sum of units by service reported on lines 2a – 2e and cannot be edited.

Section 4: Unduplicated Members: Report the total number of unduplicated members serviced during the fiscal year for each service.

Section 5: Mileage Reimbursement: If mileage expense is reported on Schedule D lines 3210, 3250, and/or 3290, provide the following for each line that reports mileage reimbursement:

- **Number of miles reimbursed:** Report the total number of miles reimbursed by the agency.
- **Reimbursement Rate:** Report the per mile reimbursement rate used by the agency during the cost report period to reimburse employees for business use of personal vehicles.

Instructions for Schedule A: Revenue Report

The purpose of *Schedule A: Revenue Report* is to report total agency income and show detailed income from specific services and programs. Report all revenues, including revenue from programs other than HCBS Waiver Services and excluded programs.

Revenue categories are provided on the schedule for the most common sources. If additional categories are necessary, use Supporting Schedule 1 or 2 to provide additional detail.

Revenues are separated into three classifications for purposes of completing this report:

Fee for service: Report income revenue earned as a result of performing services to or for members. The fees might be paid by third parties on behalf of members for whom services were performed.

Instructions for Schedule A: Revenue Report (continued)

Non-Fee for Service Revenue: Report revenues from, but not limited to:

- The sale of products,
- Food reimbursements from the Department of Education,
- Investment income that is not from restricted or appropriated contributions and is held separate and not commingled with other funds, and
- Rental Income.

Additional other income items may be applicable. If so, identify them accordingly on the provided blank lines and submit an accompanying support schedule or provide detail on Supporting Schedule 1 or 2.

Contributions: Report contributions received by the agency. Use Supporting Schedule 1 or 2 to report contributions and designation by the agency.

No private moneys contributed to the agency shall be included in the Department's reimbursement rate determination, unless the monies are contributed for services provided to specific individuals for whom the reimbursement rate is established by the Department as follows:

- **Restricted or Appropriated.** Include funds which are either appropriated by the provider through formal board action or restricted by the donor. This includes interest from the contribution, when this interest is also restricted or appropriated, and is held separate, nor commingled with other funds.
- **Not Restricted or Appropriated.** Include funds which are not appropriated or designated by the provider through board action or restriction by the donor.
- **Government Grants.** Include grant income from government sources. Use Supporting Schedule 1 or 2 to identify the source of funding, the purpose and the period of the grant, and the program to which each grant pertains.

Expenses incurred for activities funded through government grants shall be reported as Other Programs expense on Schedule D or awarded amounts should be used to offset grant funded expenses, dependent upon the facts and circumstances of each grant. If a government grant is related to costs not shown as HCBS the grant income will not be used in rate determination.

Contributions that are restricted for capital expenditures, designated to fund service operating deficits or non-reimbursable costs, or provided to fund a required operating reserve are not required to be deducted from service expenses on Schedule D.

Revenue Offset Against Expense on Sch. D Column: Include revenues which are required to reduce related service costs. Revenue which is required to be offset should be entered in both the "*Total Revenue*" column and also in the "*Revenue Offset Against Expense on Sch. D*" column.

Instructions for Schedule A: Revenue Report (continued)

Revenue offsets should **never** be reported in the “*Other Non-reimbursable Costs*” column of Schedule D. Revenue offset amounts should be reported only at the bottom Schedule D on the line titled, “*Revenue Offsets from Sch. A.*” This Schedule D line requires the revenue offset amount be allocated between the service columns, the Other Program Cost column, and/or the Indirect Service Cost column so that the revenue offset is reported consistently with the reporting of related expenses.

Income which must be offset against service cost includes, but is not limited to:

- **Expense reimbursements.**
- **Investment Income:** Realized investment/interest income is required to be offset against interest expense reported on Schedule D. Unrealized investment losses cannot reduce investment income or be onset as cost. Realized investment losses cannot be onset as cost.
- **Rental Income:** When non-program revenue is generated, offset the associated revenue against rent/lease expense, depreciation, and other related property expense.
- **Restricted Contributions:** Offset related expenses if a contribution is restricted to a specific individual.
- **Government Grants:** Offset related expenses subsidized by the funds received from the government grant.
- **Miscellaneous Revenue:** Requires an offset against related expense on Schedule D.
- **Gain/loss on sale of assets:** Offset/onset depreciation depending on the type of disposed asset.

Sch. D Line No. of Related Exp Column: Report the line number on Schedule D where the expense related to the revenue offset is reported (i.e. line 2810, 4940, 4950, etc.). Use Supporting Schedule 1 or 2 to explain the allocation of related expenses between programs and services.

Instructions for Schedule A-1: Revenue Detail Report

The purpose of *Schedule A-1: Revenue Detail Report* is to report detailed HCBS/MFP Service revenue information by payor and by service.

Fee for Service (FFS) revenue received through an ETP to exceed the maximum rate for FFS members should be reported separately on Schedule A-1 in the ETP columns. If more than two columns are needed utilize any of the unused columns and include a note indicating which columns are used to represent ETPs in the Supporting Schedule 1 or 2. The Money that Follows the Person (MFP) column is also provided to report combined MFP revenue.

Instructions for Schedule A-1: Revenue Detail Report (continued)

Report revenue in each of the following categories, as applicable:

1. Total Gross Revenue for Services provided in the Current Period.
- 2a. Payments Received for Services provided in the Current Period.
- 2b. Payments Expected Not Yet Received for Services provided in the Current Period.
3. Net Payments (2a + 2b). This field is a sum of payments by service reported on lines 2a and 2b and cannot be edited.
4. Contractual Allowances/Adjustments (1-3). Difference between the gross revenue for Services provided in the Current Period and Net Revenues Billed for Services in the Current Period. Contractual Allowances/Adjustments will not be factored into the "Total Billed Revenues" on Schedule D-3, used to determine the reconciliation for Iowa Medicaid Fee for Service. This field is a calculation of Total Gross Revenue for Current Period less Net Payments and cannot be edited.
 - Any revenue not expected to be received (i.e. billing not filed timely, or denied and not to be rebilled).
 - Difference between the actual payment received and the usual and customary charge billed.

Instructions for Schedule B: Staff Numbers, Direct Hours, and Wages

The purpose of *Schedule B: Staff Numbers, Direct Hours, and Wages* is to report the number of staff, hours, and wages by job duty.

Job Titles: All personnel must be separated into the following job classifications based on the duties performed:

- 2110 Administrative
- 2120 Professional Direct Care
- 2130 Direct Client Care
- 2140 Direct Care Training
- 2150 Clerical
- 2190 Other Staff

For each job classification, enter specific job titles or group of similar positions on the provided lines. If more than six lines are required for a job classification, enter "See *Supporting Schedule 1*" on one of the lines and use Schedule B to report summary data and the supporting schedule to report detail. All contracted staff should be reported separately for each job classification.

Regular and Overtime Hours: Enter total paid regular hours for each identified position and any paid overtime hours in the applicable columns.

Instructions for Schedule B: Staff Numbers, Direct Hours, and Wages

Instructions for Schedule B: Staff Numbers, Direct Hours, and Wages (continued)

Total Staff - Beg of Period and Total Staff End of Period: Enter the number of people working full time or part time at the beginning of period and the number of people working full time or part time at the end of period in the applicable columns.

Gross Salaries and Wages: Enter the gross salaries and wages for all full-time and part-time staff for each job duty. Make sure Gross Salaries and Wages correspond with the respective salary lines on Schedule D Column 1 (lines 2110 – 2190). In the electronic version of the cost report form, this link is automatic.

Instructions for Schedule C: Property and Equipment Depreciation

The purpose of *Schedule C: Property and Equipment Depreciation* is to report information related to depreciable assets. *Schedule C* includes the original acquisition costs, capital improvements, and depreciation on buildings and equipment owned by the provider. The totals reported on *Schedule C* are reported on Schedule D, Lines 4410, 4420, and 4430.

- The Calculation of Depreciation expense per Books from Schedule C is also reported in Schedule D, Total Expense (Column 1) via formula in the cost report template and cannot be edited.
- The Straight Line Variance (10)-(7) from Schedule C is also reported in Schedule D, Other Non-Reimbursable Costs (Column 3) via formula in the cost report template and can be edited. Only Straight Line Depreciation expense is allowable for cost allocation to HCBS Waiver Services on Schedule D.

Any property expenses incurred from the ownership or lease of member residences (member room and board) are not reimbursable for the HCBS waiver program per IAC Chapter 78 (see table below) and should be reported as Other Program Costs or as non-reimbursable expense on Schedule D of the cost report.

- Intellectual Disability (ID) services 441-78.41
- Brain Injury (BI) services 441-78.43
- Children's Mental Health (CMH) services 441-78.52
- Health and Disability (HD) services 441-78.34

If a depreciable asset has, at the time of its acquisition, an estimated useful life of at least 2 years and a historical cost of at least \$5,000, its cost must be capitalized and written off ratably over the estimated useful life of the asset using Straight Line depreciation. If a depreciable asset has a historical cost of less than \$5,000, or if the asset has a useful life of less than 2 years, the entire cost of the depreciable asset may be expensed in the year it is acquired.

When items are purchased as an integrated system, all items must be considered as a single asset when applying the capitalization threshold. Items that have a stand-alone functional capability may be considered on an item-by-item basis. For example, an integrated system of office furniture (interlocking panels, desktops that are supported by locking into panels) must be considered as a single asset when applying the threshold. Stand-alone office furniture (e.g., chairs, free standing desks) will be considered on an item-by-item basis.

Instructions for Schedule C: Property and Equipment Depreciation (continued)

Calculation of Straight Line Depreciation Expense:

- **Beginning Historical Basis (Column 1):** Record the property and equipment at its original cost. Cost should trace to the prior year's annual HCBS cost report Ending Historical Basis (Column 4).
- **Purchases During Period (Column 2):** Record any purchases of assets acquired during the fiscal year.
- **Disposals During Period (Column 3):** Record any disposal of assets occurring during the fiscal year. Enter amounts as a positive number.
- **Ending Historical Basis (Column 4):** This column is formulated to calculate the Beginning Historical Basis (1) plus Purchases during Period (2) minus Disposals During Period (3).
- **Accumulated Straight Line Depreciation Reported in Prior Years (Column 5):** Enter in the amount by adding the depreciation accumulated from prior years less any disposals.
- **Straight Line Useful Life (Column 6):** The useful life of the asset should be determined utilizing the most recent edition of the Estimated Useful Lives of Depreciable Hospital Assets, published by the American Hospital Association, for depreciation.
- **Straight Line Depreciation for Current Period (Column 7):** Enter the amount of depreciation for the property and equipment on a straight line basis.

Calculation of Depreciation Expense per Books:

- **Book Method (Column 8):** Enter the depreciation method used by the agency in calculating its depreciation in the general ledger or accounting records.
- **Book Annual Rate % (Column 9):** Enter the annual percentage rate used in calculating the depreciation in the general ledger or accounting records.
- **Book Depreciation Expense (Column 10):** Enter the total amount of depreciation recorded on the agency's books.
- **Accumulated Book Depreciation End of Period (Column 11):** Obtain this information by adding the depreciation accumulated on the agency's books from prior years less any disposals.

Instructions for Schedule C-1: Residential Property Expense

The purpose of *Schedule C-1: Residential Property Expense* is to identify property expenses incurred by the agency for member residences (member room and board). Expenses are often from property owned by the agency and leased to the member as well as from property leased by the agency and subleased to the member. Room and board expenses for home and community based waiver members are non-reimbursable cost per Iowa Administrative Code.

Instructions for Schedule C-1: Residential Property Expense (continued)

To indicate if the agency owns or leases residential property that is utilized by members, select “yes” or “no” using the drop down list.

- If “no” is selected, meaning the agency does not own or lease any residential property utilized by members, the remainder of Schedule C-1 is not applicable.
- If “yes” is selected, meaning the agency does own or lease residential property utilized by members, complete applicable columns 3-21. Report only property expenses for residential property utilized by members (member room and board). Do not report property expenses for non-residential property.

Instructions for Schedule D: Expense Report

The purpose of *Schedule D: Expense Report* is to report total agency expenses and assign or allocate those expenses to the various services provided by the agency. The allocation of costs per service includes all costs for the agency and should be consistent with the costs included on the general ledger.

Report the total cost of operation for all programs and services the agency provides, as opposed to reporting only the costs of HCBS services. The inclusion of all agency costs on this schedule is required so that:

- The allocation or apportionment of costs to all services and programs of the agency may be observed together as one overall calculation.
- Consistency in the cost assignments and allocations can be reviewed from one fiscal period to the next.

The line numbers for expenses are not intended to be an all-inclusive list of provider expenses. The number system used on this schedule is not important, other than to have a basis of identifying expenses in a manner that is uniform for reporting purposes.

Column Descriptions:

- **Total Expense (Column 1):** Report all expenses incurred by the agency. This column should reconcile to the agency’s audited financial statements, general ledger, or trial balance. Any difference between the amounts shown in this column and the agency’s financial documentation must be disclosed in a Supporting Schedule 1 or 2.
 - Amounts on Lines 2110, 2120, 2130, 2140, 2150 and 2190 populate from Schedule B and cannot be edited.
 - Amounts on Lines 4410, 4420 and 4430 populate from depreciation amounts entered in the *Calculation of Depreciation Expense per Books* section of Schedule C and cannot be edited.
- **Fund Raising Costs (Column 2):** Report all expenses incurred for fundraising activities. Enter amounts as a positive number.

Instructions for Schedule D: Expense Report (continued)

- **Other Non-Reimbursable Costs (Column 3):** Report any adjustments necessary to exclude non-reimbursable expenses. This column may also be used to reclassify expenses from one line to another. For example, to move *Agency Vehicle Depreciation* expense from Line 4410 to Line 3290 – *Other Related Transportation* when the vehicle is used solely for HCBS member transportation. Report amounts as a positive number, and provide supporting explanation for any reclassifications on Supporting Schedule 1 or 2.

This column should not include any revenue offset amounts from Schedule A as all revenue offsets are required to be reported on the bottom of Schedule D. If Schedule A reports revenue that relates to a non-reimbursable expense reported on Schedule D, a revenue offset is not necessary as the expense amount should be reported in Column 3, effectively removing the expense from the cost.

Examples of non-reimbursable costs include, but are not limited to:

- The difference between book depreciation expense and straight-line depreciation expense.
 - This difference is calculated on Schedule C in the *Book vs. Straight Line Variance* section and populated via formula to Lines 4410, 4420 and 4430 on Schedule D, Column 3. NOTE: The formula on Schedule D may be edited if necessary to reclassify some depreciation expense to another line.
 - Expenses not related to member care (i.e. personal expenses).
 - Costs of member items in excess of the \$1,570 per member limit for Brain Injury services and the \$1,500 per member limit for CMH services (see Instructions for Supplemental Schedule D-1 for the member item limit calculation).
 - Mileage reimbursement expense in excess of the state mileage reimbursement rate.
 - Bad debt
 - Income Taxes
 - Room and board expenses
 - Some expenses paid to related parties
- **Adjusted Costs (Column 4):** This column shows costs that are allowable and allocable to HCBS programs, other programs and indirect costs. This column is a calculated field equal to Total Expense (Column 1) less Fund Raising Costs (Column 2) and Other Non-Reimbursable Costs (Column 3) and cannot be edited.
 - **Allocation Basis (Column 5):** Use this column to indicate the allocation basis used to allocate costs between programs or services. Any allocation basis can be used if the agency can demonstrate the statistics used are the most accurate for that cost. The allocation basis used must be objective and supported by clear and reviewable documentation. Support for any statistics used must be made available to the IME Provider Cost Audit and Rate Setting Unit upon request.
 - Revenue and estimates are not valid allocation bases.
 - Number of members is not a valid allocation basis as it does not account for specific member needs.

Instructions for Schedule D: Expense Report (continued)

Any changes between years in the allocation basis for a specific cost item must be explained. The explanation should include how the new basis is a more accurate reflection of program costs. Allocation basis changes cannot occur more than every three years.

Examples of allocation bases include, but are not limited to:

- Direct/Actual – Specific amounts should reconcile to the General Ledger
- Percentage of Direct Costs
- Square Footage
- Mileage
- Direct Care Salaries (Lines 2120/2130/2140)
- Other Direct Care Salaries (Line 2130)
- Total Salaries (Line 2100)

Time Studies - If time studies are utilized as an allocation basis, the time studies must meet the following criteria:

- Time studies must be of sufficient detail to identify time related to specific programs or services and indirect activities which support all operations of the agency.
- For employees who fulfill multiple functions, time studies must be of sufficient detail to separately identify time related to Administrative, Professional Direct, Other Direct, Direct Care Training, Clerical and Other activities to support salary allocations between Lines 2110-2190 on Schedules B and D as well as between programs and services. Time records should identify a member or service for any time designated as Professional Direct (Line 2120) or Other Direct (Line 2130) which could be traced to billing records, if necessary.
- A minimally acceptable time study must encompass at least one full week per month of the cost reporting period.
- Each week selected must be a full work week (Monday to Friday, Monday to Saturday, or Sunday to Saturday), as applicable.
- The weeks selected must be equally distributed among the months in the cost reported period, e.g., for a 12 month period, 3 of the 12 weeks in the study must be the 1st week beginning in the month, 3 weeks of the 2nd week beginning in the month, 3 weeks of the 3rd, and 3 weeks the 4th.
- No two consecutive months may use the same week for the study, e.g., if the second week beginning in March is the study week for March, the weeks selected for February and April may not be the second week of those months.
- A time study conducted in the current cost reporting year may not be used to allocate costs of prior or subsequent costs reporting years.
- The time study must be agency specific. Thus, chain organizations may not use a time study from one agency to allocate the costs of another agency or a time study of a sample group of agencies to allocate the costs of all agencies within the chain.

Instead of listing out the allocation description in column 5, a numbering or lettering system may be utilized on Schedule D which is then defined on Supporting Schedule 1 or 2 (i.e. Basis 1 = Direct, Basis 2 = % of 2130 salaries, etc.).

Instructions for Schedule D: Expense Report (continued)

- **Indirect Service Costs (Column 6):** This column should include expenses that were incurred in support of all agency operations. These costs will be allocated across all programs and services after all other costs have been apportioned. Indirect service costs after adjustments for Fund Raising and Non-Reimbursable Costs should be shown in this column. Some examples of indirect service costs include, but are not limited to:
 - Receptionist position
 - Office supplies
 - Telephone
 - Rent for administrative office
 - Property or liability insurance

The 20% Indirect Administrative Cost Limit is calculated on Supplemental Schedule D-2 in accordance with Iowa Administrative Code 441 Chapter 79.1(15). To calculate the limit, Supplemental Schedule D-2 classifies each expense line from Schedule D as either Direct Cost or Indirect Administrative Cost. As stated above, the purpose of Schedule D is to report total agency expenses and assign or allocate those expenses to the various services provided by the agency. Therefore, the distinction between Direct Cost and Indirect Administrative Cost by individual line does not apply to Schedule D. The Indirect Service Cost column may be used for any Schedule D line number, as applicable.

To the extent possible, itemize the indirect service cost column by line item or account. All line items may be used as appropriate to report indirect service costs. All indirect service costs should be shown by line item in column 6 and then allocated in total to the various programs at the bottom of Schedule D.

Each agency is responsible for developing an acceptable method of distributing costs reported in the indirect service cost column to the various programs and supporting its rationale. The standard method for allocating indirect service costs to different programs and services is based on the total of accumulated direct costs for each program or service before the indirect service cost allocation. A formula in the *Allocation of Indirect Service Costs* row at the bottom of Schedule D will allocate costs from the Indirect Service Cost column using the standard method. However, the formula may be edited if an alternate allocation method for indirect service costs is justified. An explanation and supporting information for the alternate method should be reported on Supporting Schedule 1 or 2.

If a revenue offset reported on Schedule A relates to an expense reported in the Indirect Service Cost column, a revenue offset may be reported in the Indirect Service Cost column on the *Revenue Offsets from Sch. A* row at the bottom of Schedule D. Any revenue offset amount reported in the Indirect Service Cost column will then be allocated based on direct expenses (similar to the *Allocation of Indirect Services Costs* row) on the *Allocation of Indirect Service Costs Revenue Offset* Reported on Line 100 to applicable programs and services. If an alternate method is used to allocate indirect service costs, the formula should be edited to allocate the revenue offset amount in the same manner.

Instructions for Schedule D: Expense Report (continued)

- **Other Program Costs (Excluding MFP) (Column 7):** Report the consolidated direct costs of all other programs and services rendered by the agency. Documentation or working papers for costs reported in this column must be maintained, be organized by program or service, and be in an easily audited format. The Iowa Medicaid Enterprise may conduct periodic audits of this information.
- **Direct Service Costs (Columns 8-21):** Report direct costs for each identified service, as applicable. Report expenses for all services provided, including services funded through Iowa Medicaid FFS, Iowa Medicaid Managed Care Organizations or Other payor of like-kind services (not Habilitation Services).

For the purposes of Schedule D, “direct” service expense includes any direct expense of the service as well as the applicable portion of allocated expenses.

Examples of non-billable direct costs include, but are not limited to:

- Mileage costs for travel to and from the member site.
- Time spent in staff meetings related to a particular member or HCBS service.
- Time spent documenting services provided.

Supplemental Schedule D-2 classifies each expense line from Schedule D as either Direct Cost or Indirect Administrative Cost in order to calculate the 20% Indirect Administrative Cost Limit per Iowa Administrative Code 441 Chapter 79.1(15). As stated above, the purpose of *Schedule D Expense Report* is to report total agency expenses and assign or allocate those expenses to the various services provided by the agency. Therefore, the distinction between Direct Cost and Indirect Administrative Cost by line does not apply to Schedule D. The Indirect Service Cost column may be used for any Schedule D line number, as applicable. Direct costs may be reported in Columns 7-21 on any Schedule D line as long as the expense is directly identifiable or allocable to the service.

Account Title Descriptions:

- **Line 2110 – Administrative:** Salary of the administrator and others in executive or administrative management roles, including regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.
- **Line 2120 – Professional Direct Staff:** These positions provide assistance and support to direct support staff, may provide some direct service to the member in the absence of direct support staff, and may supervise some direct support staff activities. Examples of positions include program directors, program supervisors, team leaders, and coordinators. This does not include administrative time. Administrative time is spent on general management of operations. Administrative salary should be reported on Line 2110 – Administrative.

For employees who are not full time Professional Direct Staff, calculate the portion of their salary expense related to Professional Direct Staff duties by multiplying the employee’s salary by the percentage of time spent performing Professional Direct Staff duties.

Instructions for Schedule D: Expense Report (continued)

For employees who perform varying job duties, ongoing time reports or time studies should be kept to support the allocation of salaries between Lines 2110-2190 as well as between services and programs. Time records should identify a member or service for any time designated as Professional Direct or Other Direct Care which could be traced to billing records, if necessary.

- **Line 2130 – Other Direct Staff:** These positions provide direct support and assistance to the members. The wage amount is cash compensation and may also include noncash compensation of room and board, when applicable.

Direct support wages must reflect all direct support hours provided by agency personnel, including time spent on progress notes, phone calls, and staffing meetings.

Travel time to and from the service sites should be accumulated separately from direct service time. Documentation should be available to support the travel time.

Other Direct Staff also includes direct support and assistance to members provided by contracted personnel.

- **Line 2140 – Direct Care Training:** The training expense reported on line 2140 may include salary expense for time spent in formal training and on the job instruction. The number of training hours direct care employees incur should be separately tracked to support total direct care training salaries reported. This expense may only be reported for direct care staff whose primary function is to provide direct care to Medicaid members or support and/or supervise direct care staff.
- **Line 2150 – Clerical:** Salaries and wages for other administrative/clerical positions, such as scheduler, bookkeeper and clerical support. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.
- **Line 2190 – Other Staff:** This line is for any other salaries and wages that do not fit in the definitions of the lines above.
- **Lines 2210-2230 – Benefits and Lines 2310-2360 – Payroll Taxes:** Benefits and payroll tax expenses reported on these lines should reflect the applicable salary category. For example, if the agency does not have any Professional Direct Care Staff, there should not be any benefits or payroll taxes reported on Lines 2210 – *Professional Direct Care Benefits*, 2310 – *Professional Direct Care FICA Expense* or 2340 – *Professional Direct Care Other Payroll Tax Expense*. Additionally, benefits and payroll tax expenses should be allocated between programs and services consistent with the related salary expense. For example, if Administrative Management Wages on line 2110 are reported in the Indirect Service Cost column, the related benefit and payroll tax expenses should also be reported in the Indirect Service Cost column
- **Line 2410 – Medical & Psych Services Purchased:** Cost of medical or psychological services purchased from a contracted vendor.

Instructions for Schedule D: Expense Report (continued)

- **Line 2420 Accounting and Auditing:** Costs for services rendered by a contracted vendor for processing payroll, general financial record keeping, preparation of financial statements, tax returns and preparation of cost reports (Medicare, Medicaid, County, etc.). Wages should be reported on Lines 2110, 2150 or 2190 if these functions are completed by employees of the agency.
- **Line 2430 – Attorney’s Fees:** Costs must be for services rendered for legal consultation directly related to patient care in order to be allowable for reimbursement purposes.

Admin and Judicial Proceedings: Costs for services rendered by a contracted vendor related to legal fees, expert witnesses, accounting fees and other consulting fees incurred in an administrative or judicial proceeding.

For any reported allowable costs, copies of the paid invoices, complaint or judgment indicating when incurred and when paid and a summary of hours and hourly rates paid must be maintained and submitted on request.

- **Line 2440 – Other Non-Medical:** This line is for any miscellaneous professional fees that do not fit the definitions of the lines above. Provide an itemized listing of the reported costs on Supporting Schedule 1 or 2.
- **Line 2510 – Office Supplies:** Costs related to small, expendable, daily use office supplies.
- **Line 2520 – Medical Supplies:** Cost of medical supplies.
 - The cost of routine medical supplies are customarily used to provide patient care services. Routine supplies are usually not designated for a specific member. The cost of routine medical supplies may be a direct or indirect cost of HCBS Waiver services.
 - Costs of non-routine medical supplies are identifiable to individual members and are usually directly billable. Non-routine supplies are usually furnished at the direction of the member’s physician. The cost of non-routine medical supplies should be reported as a direct Other Program cost.
- **Line 2530 – Other Supplies:** This line is for any miscellaneous supply costs that do not fit the definitions of the lines above. Provide an itemized listing of the reported costs on Supporting Schedule (1) or (2).
- **Line 2540 – Food:** Food and nutritional supplement expenses.
- **Line 2600 – Telephone, Postage & Shipping:** Expenses for telephone and paging services, and postage or shipping.
- **Line 2810 – Rent of Space / Lease of Facility:** Rent costs for lease of buildings only. Include costs related to rental of agency equipment on the equipment rental lines of the other sections. Any related party transactions should be reported on Schedule F. Refer to CMS Publication 15-1 to determine the proper reporting and limiting of related party lease cost.

Instructions for Schedule D: Expense Report (continued)

- **Line 2820 – Building & Grounds Supplies & Maintenance:** Costs for care, supplies and repair of the agency's building and grounds.
- **Line 2830 – Utilities:** Electricity, gas, water, sewer, and other agency utility costs.
- **Line 2840 – Property Interest Expense:** Interest paid on property and improvement loans for the agency and capital assets. Interest paid to a related party is not allowable. Interest cost should be reduced on the bottom of Schedule D by realized investment income reported on Schedule A, except where the income is from gifts and grants whether restricted or unrestricted, and which are held separate and not commingled with other funds.
- **Line 2850 – Insurance & Property Taxes:** Property taxes and property casualty insurance on the agency buildings and equipment.
- **Line 2860 – Other Occupancy Expense:** This line is for miscellaneous occupancy costs that do not fit the definitions of the lines above. Provide a list detailing the costs reported on Supporting Schedule (1) or (2).
- **Line 3110 – Employee Advertising:** Costs of advertising for hiring of open positions and the reasonable cost of a standard listing in the local yellow pages.
- **Line 3120 – Promotional Advertising / Marketing:** Advertising are those costs associated with developing advertising media, including magazines, newspapers, radio and television, direct mail, exhibits, electronic transmittals, etc. Public relations means those activities dedicated to maintaining the image of the company or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public. Marketing includes activities that steer, or attempt to steer, a member to use services offered by the agency. Fundraising are those costs associated with the organized activity of raising funds for the agency. These are not an allowable cost and should be removed in Column 3.

Salaries and wages for advertising, public relations, fundraising, marketing positions and contracted vendors reported on other lines of Schedule C also need to be removed in Column 3.

- **Line 3210 – Mileage and Auto Rental:** Report staff mileage reimbursement for business use of a personal vehicle and vehicle lease or rent expense when a member is not in the vehicle. If the expense is related to a specific member or service(s), assign the expense to the specific service(s). If the expense is applicable to all agency functions, report the expense in the indirect service cost column. Mileage reimbursement expense is limited to the state employee reimbursement rate.

Column 3 may be used to reclassify mileage reimbursement for business use of a personal vehicle and vehicle lease or rent expense when a member is in the vehicle from Line 3210 to Line 3290, if necessary.

Instructions for Schedule D: Expense Report (continued)

- **Line 3250 – Agency Vehicles Expense:** Report actual expense incurred for the operation and maintenance of agency-owned vehicles when a member is not in the vehicle.

Vehicle usage must be tracked in order to support the allocation of expense between services, programs and specific lines of the cost report. Support should also include member and location information to properly support expense allocations.

Column 3 may be used to reclassify agency incurred when a member is in the vehicle from Line 3250 to Line 3290, if necessary.

- **Line 3280 – Automobile Insurance:** Cost of automobile insurance.
- **Line 3290 – Other Related Transportation:** All transportation costs incurred for the transportation of members for service plan-related services or activities are to be reported on Line 3290. Costs on Line 3290 may include, but are not limited to, mileage paid to employees for business use of a personal vehicle, agency vehicle expense, or costs associated with public transportation.

Member transportation expense for purposes not identified in the service plan is not reimbursable through HCBS waiver programs. The expense for these other purposes should be reported in the Excluded Costs/Other Non-Reimbursable Costs column. Refer to Informational Letter No. 1252 dated June 19, 2013, for additional cost report guidance from the Department on transportation expenses.

Providers are responsible for tracking the expense incurred for the transportation of members for service plan-related services using a reasonable method.

- **Line 3310 – Staff Development & Training:** Costs of training seminars and courses, such as registration fees, course materials etc.
- **Line 3320 – Annual Meetings & Bus. Conference:** Costs related to association business meetings, limited to individual members of the association who are members of a national affiliate, and costs associated with workshops, symposiums, and meetings which provide administrators or department heads with hourly credits required to comply with continuing education requirements for licensing, are allowable costs.
- **Line 3330 – Direct Care Development & Training:** Report the cost of training workbooks and supplies, course fees, and certification fees. Transportation expense related to direct care training should be reported on Schedule D, line 3210 – Mileage and Auto Rental.
- **Line 3400 – Subscriptions & Dues:** Costs for subscriptions and publications to industry related publications. Costs of dues for belonging to a professional organization, including agency associations and professional organizations of all staff. Any part of the dues that are classified by the association or organization as lobbying should be adjusted in Column 3 and reported on line 3400.

Instructions for Schedule D: Expense Report (continued)

- **Line 3510 – Clothing & Personal Needs:** Expense of personal items purchased for members.
- **Line 3520 – Other:** HCBS Waiver SCL and CMH services direct expenses on line 3520 should include costs related to member consulting and member instruction, as specified in the member's service plan. Member consulting and instruction expense for purposes not identified in the service plan is not reimbursable through HCBS waiver programs and the expense related to these services should be reported in the Other Non-reimbursable Costs column.

Member consulting may include, but is not limited to:

- Behavior programming and training.
- Consulting with specialists for conditions specific to the member. Examples include autism and brain injury.

Member instruction may include, but is not limited to:

- Reinforcement for behavior modification such as the purchase of rewards as identified in the service plan to reinforce the achievement of a service plan goal.
- Programming and socialization activities, which may include expense for both the member and staff member, but must be necessary for the achievement of a goal.
- Examples: Staff member admission to a sporting or cultural event is necessary, but snacks are not. Staff member participation in a group bowling activity is not necessary.

- **Line 4310 – Agency Vehicle Repair:** Cost of repair for agency owned vehicles.
- **Line 4320 – Other Equipment Repair and Purchase:** HCBS Waiver SCL and CMH services direct expense on line 4320 should include the cost of member environmental modification and repairs and member environmental furnishings as specified in the member service plan.

Member environmental modification, repairs, and furnishing expenses not identified in the member's service plan are not reimbursable through the HCBS waiver programs and the expense related to these services should be reported in the Other Non-reimbursable Costs column.

Examples of allowable HCBS waiver expenses in this line may include, but are not limited to:

- Modification and repair of the living area due to specific needs of the member. **NOTE:** Wheelchair lifts, ramps, and repairs due to destruction of property by the member that are not covered under home and vehicle modification.
- Items required to establish a home for a member moving out of a group facility, including bed and mattress, dresser, and kitchen supplies.

Instructions for Schedule D: Expense Report (continued)

All items should be needs, not wants, which are necessary to meet the basic needs of the HCBS waiver member. Reimbursement for member environmental medication and repairs and member environmental furnishings is ONLY available for the HCBS waiver program.

See instructions for Supplemental Schedule D-1

- **Lines 4410 / 4420 / 4430 – Agency Vehicles, Equipment & Buildings and Leaseholds Depreciation:** Depreciation cost for equipment, vehicles and buildings owned by the agency.
- **Line 4910 – Moving & Recruitment:** Cost to relocate employees or the administrative offices.
- **Line 4920 – Liability Insurance:** Costs of general liability insurance.
- **Line 4930 – Bad Debt:** Costs, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs. These costs are not reimbursable, and should be removed in Column 3.
- **Line 4940 – Working Capital Interest Expense:** Cost of interest paid on a line-of-credit or loan to pay for services related to patient care. Interest cost should be reduced on the bottom of Schedule D by realized investment income except where the income is from gifts and grants whether restricted or unrestricted, and which are held separate and commingled with other funds.
- **Line 4950 – Miscellaneous:** Use this line for any miscellaneous agency cost that does not fit the definitions of any lines above. Provide a list detailing the costs reported on Supporting Schedule (1) or (2).
- **Line 5110 – Home Office Expenses:** Costs directly related to those services performed for individual providers which relate to patient care, plus an appropriate share of indirect costs (overhead, rent for home office space, administrative salaries, etc.) are allowable to the extent they are reasonable. Home office costs that are not otherwise allowable costs when incurred directly by the provider cannot be allowable as home office costs to be allocated to providers.

A home office provides essential services, typically administrative in nature. Agencies with a home office must annually provide the name of the home office. Home offices must provide a cost statement, including allocations to the individual agencies, providers, or services. The cost statement and allocation calculations should identify specific information about costs on the provider's cost report. All expenses related to the home office should be reported on this line.

- **Line 5120 – Management Fees:** Costs for professional fees paid to a management company of an agency should be reported on this line. The agency should have a management agreement to support the costs reported on this line.

Instructions for Supplemental Schedule D-1: Member Items Expense Limit

The purpose of HCBS *Supplemental Schedule D-1: Member Items Expense Limit* is to calculate an average cost per member for specific member related expense items to ensure compliance with Member Specific Expense limits. A member served under the Brain Injury (BI) or the Children's Mental Health (CMH) waiver is eligible for \$1,570 of member specific items on an annual basis for BI, and \$1,500 of member items on an annual basis for CMH services.

Member specific items are reported on Schedule D, Line 3290 – *Other Related Transportation*; Line 3520 – *Other*; and Line 4320 – *Other Equipment Repair or Purchase*.

All member expense lines on Supplemental Schedule D-1 will populate from Schedule D and the unduplicated member count populates from the Statistical page. These fields cannot be edited.

Instructions for Supplemental Schedule D-1: Member Items Expense Limit (continued)

Adjustments will automatically calculate on Schedule D-1 to limit any expense amount exceeding the regulatory limits.

Instructions for Supplemental Schedule D-2: Indirect Cost Limit

The purpose of HCBS *Supplemental Schedule D-2: Indirect Cost Limit* is to review classification of expense items reported on Schedule D as Direct Service Cost or Indirect Administrative Cost for the purposes of limiting Indirect Administrative Cost to 20 percent of direct costs in accordance with IAC 441 Chapter 79.1(15). The Schedule D expense lines classified as Direct Service Costs are:

- Line 2120 – Professional Direct Staff
- Line 2130 – Other Direct Staff
- Line 2140 – Direct Care Training Staff
- Line 2210 – Professional Direct Care Benefits
- Line 2220 – Other Direct Care Benefits
- Line 2310 – Professional Direct Care FICA Expense
- Line 2320 – Other Direct Care FICA Expense
- Line 2340 – Professional Direct Care Other Payroll Tax Expense
- Line 2350 – Other Direct Care Other Payroll Tax Expense
- Line 3210 – Mileage and Auto Rental
- Line 3250 – Agency Vehicle Expense
- Line 3290 – Other Related Transportation
- Line 3330 – Direct Care Development & Training Expense
- Line 3520 – Other
- Line 4320 – Other Equipment Repair or Purchase

Instructions for Supplemental Schedule D-2: Indirect Cost Limit (continued)

Expense amounts by service populate on Supplemental Schedule D-2 from the corresponding expense line on Schedule D. Reported expenses include the direct expense and the proportionate allocation from the Indirect Service Cost column before any income deductions. Any amounts limited on Schedule D-1 are also deducted for BI and CMH services.

Calculations at the bottom of Schedule D-2 determine the Indirect Administrative Cost limit amount at 20 percent of other costs. Reported Indirect Administrative Costs in excess of the limit are calculated on Schedule D-2 and carried to Supplemental Schedule D-3.

Instructions for Supplemental Schedule D-3: Reconciliation of Costs and Payments

The purpose of HCBS *Supplemental Schedule D-3: Reconciliation of Costs and Payments* is to calculate the cost per unit by service and to compare costs incurred to payments received.

All prospective rates are subject to retrospective adjustment based on reconciliation of provider's reasonable and proper actual service costs, adjusted for the legislative inflation percentage per the Iowa Administrative Code 441-79.1(15), with the revenues received for those services.

Schedule D-3 populates using data from other schedules and does not require manual entry.

Costs for each service will populate from Schedule D along with limitation adjustments from Schedule D-1 and Schedule D-2 to calculate Adjusted Costs. The calculated Adjusted Cost is then divided by total units to determine the Total Unit Cost and the Lower of Unit Cost or Maximum Reimbursement Rate.

The ID Daily SCL columns will calculate a payment rate for informational purposes only as these services are paid through tier rates and no longer subject to cost reconciliation.

If applicable, the next section of Schedule D-3 calculates the Balance Due Medicaid Program, for Iowa Medicaid Fee for Service.

Instructions for Schedule E: Comparative Balance Sheet

The purpose of *Schedule E: Comparative Balance Sheet* is to report the balance sheet of the provider as of the end of the reporting period.

- **Assets, Liabilities, and Equity:** The total assets must equal the total liabilities and equity.
- **Balance at End of Current Period:** Enter the amount in effect for the last day of the reporting period.

Instructions for Schedule E: Comparative Balance Sheet (continued)

- **Balance at End of Prior Period:** Enter the amount in effect for the last day of the previous reporting period.
- **Reconciliation of Equity or Fund Balance:** The “add” and “deduct” entries should provide an explanation of any difference in the total equity of fund balance between the beginning and end of period.
- **Total Equity or Fund Balance Beginning of Period:** This amount should be the same as the total liabilities and equity for the “balance at end of prior period.” Add revenues from Schedule A and deduct expenses from Schedule D.
- **Total Equity or Fund Balance End of Period:** This amount should be the same as the total liabilities and equity for the “balance at end of current period.”

Instructions for Schedule F: Related Party/Other Disclosures

The purpose of HCBS *Schedule F: Related Party/Other Disclosures* is to indicate whether the agency includes compensation, or costs for services, facilities or supplies furnished by a related party or related organization on the cost report. Questions 1 and 2 must be answered with the provided drop down boxes (No/Yes).

All parties that meet the definition of owners (including any individuals or organizations with a controlling interest) or related parties, including related party management personnel and contractors, must be reported on *Schedule F – Related Party/Other Disclosures*.

Related Party Compensation:

Name of Individuals or Entities with Ownership in Provider Agency (1): Identify any individual or entity having an ownership interest, regardless if the owner receives any compensation or payments.

Where a non-profit operates or has an interest in an entity, the non-profit is considered to have influence over the operations. Any person sitting on the board of directors of the non-profit will be considered an owner.

Where a trust operates or has interest in an entity, the trust is considered to have influence over the operations. Any person designated as a settler or grantor of the trust, a trustee, or a beneficiary of the trust will be considered an owner.

Also, identify any individual receiving compensation that is considered a related party. The following persons are considered related parties for program purposes:

- Husband and wife
- Natural parent, child and sibling
- Adopted child and adoptive parent
- Step-parent, step-child, step-sister, and step-brother
- Father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, and daughter-in-law
- Grandparent and grandchild
- Domestic partners

Instructions for Schedule F: Related Party/Other Disclosures (continued)

Position/Role (2): Enter the title of the position/role held by the person.

Type of Relationship (3): Enter the nature of individual's relationship (i.e.):

- Owner
- Board member
- Related Party (defined above)
- Related Vendor

% of Work Week Devoted to Business (4): The percent of work week the individual identified in Column 1 devotes to this entity (all programs), based on a work week of 40 hours. Do not put more than 100% if more than 40 hours are worked each week.

% of Ownership in Agency (5): The percent of ownership of the individual or entity listed in column 1. If the individual is a related party, enter 0.

Salaries and Wages (6): A reasonable allowance of compensation for services of owners or related parties is an allowable cost, provided the services are actually performed in a necessary function. Maintain adequate time records to justify reported expenses. Adjustments may be necessary to provide compensation as an expense for non-salaried working proprietors and partners. It includes:

If the wage or salary benefits multiple programs or is paid for multiple job duties, please provide on Supporting Schedule 1 or 2 the method of how the costs are assigned to the various columns or lines. If costs are not directly assigned to a program, costs may be allocated. Costs should be allocated based on accumulated costs. A different allocation methodology can be used if an agency can demonstrate the statistics used are more accurate for that cost. The change should not result in inappropriate shifting of costs.

Any allocation method used must be objective and supported by clear and reviewable documentation. Any statistics used must be made available to the IME Provider Cost Audit and Rate Setting Unit upon request.

Benefits (7) and Payroll Taxes (8): Indicate the total benefit and or payroll taxes received by the owner or related party for the services the proprietor renders to the agency. It includes:

- Amounts incurred by the agency for personal benefits of the proprietor e.g., health insurance, food or meals, personal utilities, taxes, yard care, etc.
- The cost of assets and services which the proprietor receives from the agency e.g. life insurance, key man insurance, personal care, etc.
- Deferred compensation.

Line No. (9) Reported on Schedule D: Indicate which lines the components of related party compensation are reported on Schedule D (i.e. Line 2110, 2120, etc.).

Column No. (10) Reported on Schedule D: Indicate which column number the related components of related party compensation are reported on Schedule D (i.e. column 6, 7, 8, etc.).

Instructions for Schedule F: Related Party/Other Disclosures (continued)

Payments for Services and Supplies to Related Parties:

Costs of supplies furnished by a related party or organization are reimbursable if included at the costs to the related party or organization. However, such costs must not exceed the price of comparable supplies that could be purchased elsewhere. Complete Schedule F, Payments for Services and Supplies to Related Party, to indicate all items purchased from related parties.

Name of Related Individual or Entity (11): Identify any entity that the agency conducts business with that is related through relationship, ownership or control, but not limited to owners and related persons described above.

Type of Service or Supply (12): Describe the service or supply that has been obtained by the entity.

Type of Relationship (13): Indicate the relationship of the entities, common ownership, common control, family relationship (i.e.):

- Owner
- Board member
- Related Party (defined above)
- Related Vendor

Amount of Related Party Cost (14): Report the amount of cost incurred by the related party entity identified in Column 1.

Amount Paid to Related Party by Agency (15): Report the total amount paid to the related entity identified in Column 1 by the agency.

Amount Reported on Cost Report (16): Report the total amount of the related party cost or actual payments.

Line No. (17) Reported on Schedule D: Indicate the line number on Schedule D in which the costs to related entity has been reported (i.e. Line 2810, 5110, etc.).

Costs applicable to services or supplies furnished by a related party or organization are a reimbursable cost when included at the lesser of the amount actually paid or the cost to the related party or organization.

Column No. (18) Reported on Schedule D: Indicate the column number in which the related components of related party compensation are reported on Schedule D (i.e. column 6, 7, 8, etc.).